



KAMADGIRI FASHION LIMITED

**ANNUAL
REPORT | 2020-2021**



Reusable Face Mask



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KAMADGIRI FASHION LIMITED

CORPORATE INFORMATION

Board of Directors

Mr. Pradip Kumar Goenka

Chairman & Managing Director (DIN: 00516381)

Mr. Anil Biyani

Non-Executive Director (DIN: 00005834)

Mr. Rahul Mehta

Independent Director (DIN: 00165521)

Mr. Sanjeev Maheshwari

Independent Director (DIN: 02431173)

Ms. Bindu Shah

Independent Director (DIN: 07131459)

Mr. Tilak Goenka

Executive Director (DIN: 00516464)

Chief Executive Officer

Mr. Abhay Kumat

Chief Financial Officer

Mr. Jagdish Prasad Dave

Company Secretary

Mr. Gaurav K. Soni

Statutory Auditors

M/s. DMKH & Co.

Chartered Accountants, Mumbai

Bankers

State Bank of India

Bank of Baroda

Registered Office

A-403, 'The Qube',
off. M.V. Road Marol,
Andheri (E), Mumbai - 400059.
Tel: (+91 22) 41583131
Website : www.kflindia.com
Email: cs@kflindia.com

CIN

L17120MH1987PLC042424

Factory/Plant

43/2 & 42/1, Ganga Devi Road,
Umbergaon - 396171
Dist. Valsad (Gujarat).

C-4/2/2, MIDC, Tarapur - 401506
Dist. Thane (Maharashtra).

Survey No. 573, Shed No. B, C and D, Sanjan-
Nargol bypass road, Sanjan, (Gujarat).

Registrar & Share Transfer Agent

Link Intime India Private Limited
C-101, Embassy 247, L.B.S Marg,
Vikhroli (West), Mumbai – 400083.
Tel No.: (+91 22) 28515606/49186000/49186270
Email: rnt.helpdesk@linkintime.co.in

BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 34th Annual Report on the business and operation of the Company together with the Audited Financial Statements for the financial year ended on March 31, 2021.

FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	2020-21	2019-20
Income from Operations	13,991.11	29,303.99
Other Income	377.11	34.36
(Loss) / Profit before exceptional items and tax	(800.14)	(488.02)
Exceptional Items	-	53.40
(Loss) / Profit before tax	(800.14)	(541.42)
Less: Provision for current tax	-	-
Less: Tax adjustment of earlier years	-	-
Less: Net deferred tax assets	(221.31)	(145.74)
(Loss) / Profit after tax	(578.83)	(395.68)
Other Comprehensive Income	36.05	19.49
Earning per share of ₹ 10/- each		
Basic (in ₹)	(9.86)	(6.74)
Diluted (in ₹)	(9.86)	(6.74)

COMPANY'S PERFORMANCE

Financial year 2020-21 has been a challenging year for the Company. During the year under review, the Company has achieved a turnover of ₹ 13,991.11 Lakhs as compared to ₹ 29,303.99 Lakhs in the previous year. The Company has opted alternate plans and tapped available opportunities to continue to run its operations and has involved itself in production of PPE Kits, Masks etc in addition to its regular production activities. The Loss after tax for the financial year 2020-21 was ₹ (578.83) Lakhs as compared to Loss after tax of ₹ (395.68) Lakhs during the previous year.

FUTURE PLAN

The operations of the Company have been impacted by the restricted business operations due to restrictions imposed to curb spread of COVID-19 pandemic during the last financial year 2019-20 and the impact of the same is elongating in the financial year 2020-21 too. The Company had now gradually started to open all its office(s), manufacturing unit(s) and warehouse(s), as per the guidelines of respective governments / local authorities from time to time. The Company is in the business of manufacturing of fabrics and readymade apparels which is a discretionary consumption product and though physical sales has suffered major setback during lockdown, online textile industry witnessed a big spurt in sales. The post-Covid era has provided a big opportunity for the online textile industry. The Company expects that demand for products of the Company is expected to rise very fast and would further improve with increase in consumer confidence. In the year 2021, e-retailers will prove to be a big game-changer by playing a pivotal role in recovery of the Indian economy in the post-Covid era. It has been predicted by Company that the trend of increased sales in the online textile industry will continue to persist in the future as well.

Online shoppers have already tasted the convenience, trust, and comfort of shopping on the Internet and will continue to enjoy and avail benefits in the future as well. Accordingly, it is assumed that e-retailers will emerge as the biggest winners in this entire success journey of the online textile industry.

DIVIDEND

Considering the losses in Company's financial results during the year under review, the Board of Directors (**'the Board'**) have not proposed any dividend for the year.

PUBLIC DEPOSIT

The Company has not accepted any deposit from public during the year under review.

TRANSFER TO RESERVES

In view of losses, the Board has decided not to transfer any amount to General Reserves for the financial year ended March 31, 2021.

CORPORATE GOVERNANCE REPORT

As per Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**'Listing Regulations'**), a separate report on Corporate Governance is enclosed as a part of this Annual Report. A Certificate from Auditors of your Company regarding compliance of conditions of Corporate Governance as stipulated in Regulation 17(7) read with Part A of Schedule II of the Listing Regulations is also enclosed along with the Corporate Governance Report.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis as required under Regulation 34 read with Schedule V of the Listing Regulations forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134(5) of the Companies Act, 2013 ('the Act'), with respect to Directors' Responsibility Statement it is hereby confirmed that:

- i. in the preparation of the annual accounts for the financial year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the loss of the Company for that period;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts for the financial year ended March 31, 2021, on a going concern basis;
- v. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Ms. Bindu Shah, the Independent Director of the Company, was reappointed at the Annual General Meeting ('AGM') of the Company held on September 29, 2020 to hold office for a further term of 5 (five) years.

In terms of Section 152 of the Act, Mr. Pradip Kumar Goenka retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

Mr. Pradip Kumar Goenka, Chairman and Managing Director and Mr. Tilak Goenka, Executive Director were re-appointed and appointed respectively at the AGM of the Company held on September 25, 2018 to hold office for a term of 3 (Three) years. Based on the recommendation of the Nomination and Remuneration Committee and performance evaluation carried out by the Board it is proposed that these Directors be re-appointed for a further term of 3 (Three) consecutive years, subject to the approval of the Members of the Company at the ensuing AGM.

In terms of Regulation 17(6)(e) of the Listing regulations approval of shareholders is also being sought for approval of remuneration exceeding 5% of net profit being paid to Mr. Pradip Kumar Goenka and Mr. Tilak Goenka, Executive Directors of the Company.

The Company has received declarations from all its Independent Directors, confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

Additional information on appointment/re-appointment of Directors as required under Regulation 26(4) and 36 of the Listing Regulations is appended as an annexure to the notice convening the ensuing AGM.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act, has been disclosed in the Corporate Governance Report, which forms part of this Annual Report. The appointment of Directors are made based on merit, apart from compliance of legal and contractual requirements, that complements and expands the skills, experience and expertise of the Board as a whole taking into account knowledge, professional experience and qualifications, gender, age, cultural and educational background, and any other factors that the NRC might consider relevant for the Board to function effectively. While appointing any person as an Independent Director, utmost care is to be taken as to the independence of such person.

NUMBER OF BOARD MEETINGS

The Board met 4 (Four) times during the year under review. The details of Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report which forms part of this Annual Report.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Act and Regulation 17(10) and Regulation 25(4) of the Listing Regulations, the Board has carried out an annual evaluation of performance of its own, the Committees thereof and the Directors individually. At the meeting of the Board all the relevant factors that are material for evaluating the performance of the Committees and of the Board were discussed in detail.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board except the Independent Director being evaluated.

The performance evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Directors.

COMMITTEES OF THE BOARD

Audit Committee

During the year under review, the Audit Committee of the Company comprised of 3 (three) Independent Directors viz., Mr. Sanjeev Maheshwari, Mr. Rahul Mehta and Ms. Bindu Shah. Mr. Sanjeev Maheshwari is the Chairman of the Audit Committee. There are no instances where the Board did not accept the recommendations of the Audit Committee. The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of this Annual Report. The Company Secretary act as a Secretary of Audit Committee.

Other Committees

Details of other Committees of the Board along with their terms of reference, composition and meeting(s) held during the year are provided in the Corporate Governance Report which forms part of this Annual Report.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

During the year under review, M/s. DMKH & Co., Chartered Accountants, Mumbai were appointed as statutory auditors of your Company at the 33rd (Thirty Third) AGM held on September 29, 2020 for a term of 5 (five) consecutive years and they hold office till the conclusion of 38th (Thirty-Eight) AGM.

The Report given by the Auditors on the financial statements of the Company is part of this Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

Secretarial Auditor

The Company has appointed M/s. HS Associates, Company Secretaries to conduct Secretarial Audit of the Company for the financial year 2020-21 in terms of provisions of Section 204 of the Act. The Secretarial Audit Report for the year ended March 31, 2021 is annexed to this report as **Annexure B**. There is no observation or comment which requires your attention.

Cost Auditor

As per the requirement of Central Government pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of cost records relating to Textile products every year.

The Board, on the recommendation of Audit Committee, has appointed Ms. Ketki D. Visariya, Cost Accountant, as Cost Auditor to audit the accounts of the Company for the financial year 2021-22. As required under the Act, a resolution seeking ratification of members for the payment of remuneration to Cost Auditor forms part of the Notice convening the AGM.

The Cost Audit report for the financial year 2019-20 was filed with the Ministry of Corporate Affairs.

REPORTING OF FRAUDS

During the year under review, the Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under Section 143(12) of the Companies Act, 2013.

POLICIES & DISCLOSURE REQUIREMENTS

Details of programme for familiarisation of Independent Directors with the Company is available on the website of the Company at the following link <https://www.kflindia.com/policies-and-codes/>.

Policy on dealing with related party transactions is available on the website of the Company at the following link <https://www.kflindia.com/policies-and-codes/>.

Policy for determining Materiality of Events of the Company is available on the website of the Company at the following link <https://www.kflindia.com/policies-and-codes/>.

The code of conduct for Directors and senior management of the Company is available on website of the Company at the following link <https://www.kflindia.com/policies-and-codes/>.

The Company has formulated and disseminated a Whistle Blower Policy to provide vigil mechanism for employees and Directors of the Company to report genuine concerns that could have serious impact on the operations and performance of the business of the Company. This Policy is in compliance with the provisions of Section 177(9) of the Act and Regulation 4(2)(d)(iv) of the Listing Regulations. Policy on Whistle Blower is available on website of the Company at the following link <https://www.kflindia.com/policies-and-codes/>.

CORPORATE SOCIAL RESPONSIBILITY

The company has constituted a Corporate Social Responsibility committee (CSR committee) in accordance with Section 135 of the Act. The Board of directors of the company has based on recommendation made by CSR committee, formulated and approved CSR Policy of the company and which has also been placed on website at a weblink : <https://www.kflindia.com/wp-content/uploads/2019/01/CORPORATE-SOCIAL-RESPONSIBILITY.pdf>

The disclosure including inter-alia the composition of CSR committee and the brief outline of CSR Policy as per Rule 8 of Companies (Corporate Social Responsibility policy) Rule 2014 is made in prescribed form which is annexed to this report as **Annexure A**.

SECRETARIAL STANDARDS

During the year under review, the Company has complied with Secretarial Standards on meetings of the Board ("SS-1") and on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India in terms of Section 118(10) of the Act.

ANNUAL RETURN

In terms of provisions of Section 134 and 92(3) of the Act, an Annual Return in prescribed format is available on the Company's website at the following link <https://www.kflindia.com/annual-return/>.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, all transactions entered by the Company with related parties as defined under the Act and Regulation 23 of the Listing Regulations, were in the ordinary course of business and on an arm's length basis. There were no materially significant transactions with the related parties during the financial year which were in conflict with the interest of the Company.

Disclosure of transactions with related parties as required under the Indian Accounting Standard (IND AS-24) has been made in the notes forming part of the financial statements. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to your Company.

MATERIAL CHANGES AND COMMITMENTS

Your directors further state that there were no material changes have been taken place, other than as provided in this report, that could have an impact on the financial position of the company from the date of closure of financial year under review till the date of signing of this report.

VIGIL MECHANISM

The company has established a vigil mechanism to provide a framework to promote responsible and secure whistle blowing and to provide a channel to the employee(s) and director to report to the management, concern about unethical behaviour, actual or suspected fraud or violation of the code of conduct or policy/ies of the company as adopted /framed from time to time. The mechanism provide for adequate safeguard against victimization of employees and directors to avail of the mechanism and also provide for direct access to the chairman of the audit committee in exceptional cases.

PARTICULARS OF LOANS GRANTED, GUARANTEE PROVIDED AND INVESTMENTS MADE PURSUANT TO THE PROVISIONS OF SECTION 186 OF THE ACT

The Company has not granted any loans, not provided any Guarantee and not made any Investments which are covered under the provision of Section 186 of the Act.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

There were no significant and material orders passed by the Regulators or Courts or Tribunals during the year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 134(3)(m) of the Act read with Rule 8(3) of Companies (Accounts) Rules, 2014 is given as **Annexure C**. The Company being focusing in Indian market, it has not taken any export initiative.

PARTICULARS OF EMPLOYEES

Disclosure as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 framed there under, the names and other particulars of employees are provided under **Annexure D** is annexed to this Report.

A statement containing the particulars as required under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in this Annual Report.

In accordance with the provisions of the second proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the Members of the Company. The said information is available on the Company's website www.kflindia.com.

RISK MANAGEMENT AND ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested by Statutory as well as Internal Auditors. Significant audit observations and follow up actions thereon are reported to the Audit Committee.

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of the business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

The Audit Committee actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Company has a robust Management Information System, which is an integral part of the control mechanism.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has always believed in providing a safe and harassment free workplace for every individual working in Company's premises through various interventions and practices. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company has in place a robust policy on prevention of sexual harassment at workplace. The policy aim at prevention of harassment of employees and lay down the guideline for identification reporting and prevention of sexual harassment. The company has complied with the provision relating To Internal Complaint Committee (ICC). Further ICC is responsible for redressal of complaint related to sexual harassment and follow the guideline as provided in the policy.

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

TRANSFER OF UNCLAIMED/UNPAID AMOUNTS TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividend, if not claimed for a consecutive period of 7 (Seven) years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the IEPF.

The following table provides the due dates for the transfer of outstanding unpaid/unclaimed dividend by the Company as on March 31, 2021:

Year of Dividend	Date of declaration	Last date for claiming due amount
2013-2014 (Final)	26/09/2014	01/11/2021
2014-2015 (Final)	25/09/2015	31/10/2022
2015-2016 (Final)	19/09/2016	25/10/2023
2016-2017 (Final)	19/09/2017	25/10/2024
2017-2018 (Final)	25/09/2018	31/10/2025
2018-2019 (Final)	24/09/2019	30/10/2026

During the year under review, 2,420 Equity shares and ₹ 20,515/- as unclaimed dividend were transferred to IEPF.

EQUITY SHARES IN THE SUSPENSE ACCOUNT

During the year under review, and in accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the Listing Regulations, there were no shares transferred to suspense account.

PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offences during the financial year ended March 31, 2021.

ACKNOWLEDGEMENT

The Board wishes to place on record their sincere appreciation to all the bankers, customers, employees at all levels and stakeholders for the continued support and patronage during the year under review.

For and on behalf of the Board

**June 28, 2021
Mumbai**

**Pradip Kumar Goenka
Chairman & Managing Director**

ANNEXURE A

Annual Report on CSR Activities for Financial Year 2020-21

1. Brief outline on CSR Policy of the Company

The CSR Policy of the Company inter-alia includes CSR activities to be undertaken by the Company in line with Schedule VII of the Companies Act, 2013 ("the Act"), read with applicable rules thereto.

2. Composition of CSR Committee

Sr. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Pradip Kumar Goenka	Chairman	2	2
2.	Mr. Rahul Mehta	Member	2	2
3.	Mr. Anil Biyani	Member	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

- <https://www.kflindia.com/committee-of-directors/>
- <https://www.kflindia.com/wp-content/uploads/2019/01/CORPORATE-SOCIAL-RESPONSIBILITY.pdf>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): **Not Applicable**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set- off for the financial year, if any (in ₹)
1.	N.A	Nil	Nil
TOTAL		Nil	Nil

6. Average net profit of the company as per section 135(5). : ₹ 438.66 lakh

7. (a) Two percent of average net profit of the company as per section 135(5) : ₹ 8.77 lakh

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. : Nil

(c) Amount required to be set off for the financial year, if any : Nil

(d) Total CSR obligation for the financial year (7a+7b- 7c). : ₹ 8.77 lakh

8. a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
8.80	Nil	-	Nil	Nil	Nil